HM Treasury

Autumn Budget 2024

Policy Costings

October 2024

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Introduction

This document sets out the assumptions and methodologies underlying costings for tax and annually managed expenditure (AME) policy decisions announced since Spring Budget 2024, where those policies have a fiscally significant impact on the public finances. These costings are all submitted to the independent Office for Budget Responsibility (OBR) for their certification. All measures were certified. This publication is part of the government's wider commitment to increased transparency.

Chapter 1 presents detailed information on the main data and assumptions underpinning the costing of policies in the Spring Budget. Each note sets out a description of the measure, the base, the methodology for the costing (including relevant adjustments for behavioural responses) and highlights main areas of additional uncertainty, beyond those inherent in the OBR's forecast. All costings are presented on a National Accounts basis.

Annex A sets out the indexation assumptions included in the public finances forecast baseline, including all pre-announcements. The OBR set out the approach they have taken to scrutiny and certification of the costings, and highlights areas of particular uncertainty, in the Economic and Fiscal Outlook.

Chapter 1
Policy Costings

Compensation Payments: Making payments to victims of the infected blood scandal

Measure description

This measure provides compensation for victims of the infected blood scandal. Payments under the Infected Blood Compensation Scheme have been made exempt from income, capital gains and inheritance tax.

The government expects the Infected Blood Compensation Authority to begin processing a small number of payments in 2024, scaling up in 2025.

The cost base

The cost base for the measure is the estimated number of people eligible to claim compensation through the Scheme. This includes both affected individuals, those who have suffered the impacts of infected blood through their relationship with a living or deceased infected person, and those infected themselves.

Costing

The costing estimates the expected number of claimants eligible under the Scheme, expected level of compensation and the timing of compensation payments. It includes interim, final and support payments (currently paid through the Infected Blood Support Schemes).

This costing assumes no behavioural impacts.

Exchequer impact (£m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	-1,080m	-2,925m	-2,830m	-2,000m	-1,570m	-1,410m

Areas of uncertainty

The main uncertainties in this costing relate to the number of eligible claimants in each category, when they choose to apply and how they choose to receive compensation.

Compensation Payments: Making payments to victims of the Horizon IT scandal

Measure description

This measure provides financial redress for those affected by the Post Office Horizon IT scandal. Costs in prior years were funded through Post Office Limited internal funds, departmental underspends and from the Delegated Expenditure Limits Reserve. Payments are provided by the Department for Business and Trade and Post Office Limited under four schemes:

- Horizon Shortfall Scheme (HSS)
- Group Litigation Order (GLO) Scheme
- Overturned Convictions (OC) Scheme
- Horizon Convictions Redress Scheme (HCRS)

Payments under the HCRS as well as the GLO and OC schemes have been made exempt from income, capital gains, corporation, and inheritance tax where applicable. Payments under HSS are not exempt from taxation but are topped up to account for tax implications.

Payments under these schemes have already begun.

The cost base

The cost base for this measure is the estimated number of people eligible to claim compensation through each of the schemes.

Costing

The costing estimates the expected numbers of remaining claimants under each scheme, expected levels of redress payments and the timing of redress payments.

This costing assumes no behavioural impacts.

Exchequer impact (£m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	-770m	-725m	-250m	-10m	+0m	+0m

Areas of uncertainty

The main uncertainties in this costing relate to the number of claimants that come forward, how quickly claims progress and the scale of awards made.

National Wealth Fund: Mobilise investment in the UK’s clean energy and growth industries and support the delivery of our new Industrial Strategy (forecast income from investment)

Measure description

This measure increases the financial capacity available for the National Wealth Fund (NWF) to mobilise investment in the UK’s clean energy and growth industries and support the delivery of the new Industrial Strategy. Additional capital will be available to the NWF, subject to satisfying subsidy control obligations.

This measure has been effective since 14 October 2024.

The cost base

The cost base is estimated using the NWF’s AME financial forecasting model based on assumed commitments over the next 5 years.

Costing

This costing accounts for the PSNB impact of the NWF’s financing activity, compared to the pre-measure baseline. The increase in NWF activity also has a PSND impact, based on the NWF’s assumed drawdowns, which increases PSND by c.£4.3bn over the scorecard period which is not accounted for below.

The costing assumes no behavioural impacts.

Exchequer impact (£m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	+0m	+5m	+30m	+50m	+80m	+135m

Areas of uncertainty

The main uncertainties in this costing relate to the size, phasing, and product mix of funding commitments over the forecast period.

Extraordinary Revenue Acceleration: Forecast repayment from extraordinary profits on sanctioned Russian sovereign assets

Measure description

The government will provide Ukraine with £2.258 billion (~$3 billion) of budgetary support earmarked for military procurement as part of the G7's $50 billion 'Extraordinary Revenue Acceleration (ERA)' Loans to Ukraine scheme, intended to support Ukraine in the war against Russia. G7 lenders will be repaid by the extraordinary profits being generated on sanctioned Russian sovereign assets, predominantly in the EU.

Outlays will start in 2024-25, once the Government has legislated to provide this contribution and repayments are expected to start in September 2025.

The cost base

The cost base is the revenue that HMT is set to receive from the EU via the extraordinary profits being generated on holdings of Russian sovereign assets, in each financial year. This is the UK's share of the total G7 ERA repayments. The fiscal impact of the loans to Ukraine are included in the DEL forecast and are not included here. The funds will be disbursed in equal tranches over FY 2024-25, 2025-26 and 2026-27.

Costing

The expected repayment schedule was calculated by the Government Actuary's Department, on the basis of the UK receiving a fixed portion of the future extraordinary profits generated from holdings of Russian Sovereign Assets in the EU.

Exchequer impact (£m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	+0m	+225m	+160m	+195m	+230m	+260m

Note: The above table only shows the payments received from the EU. Table 5.1 in the Budget Document shows both the contribution and repayment.

Areas of uncertainty

The main uncertainty relates to the continued flow and value of profits from the underlying assets, which are generating the extraordinary profit repaying the G7 lenders.

Tackling tax non-compliance in umbrella companies by moving PAYE obligations to recruitment agencies or, where an agency is not present, end client businesses from April 2026

Measure description

This measure will make recruitment agencies responsible for accounting for PAYE on payments made to workers that are supplied via umbrella companies. The agency that supplies the worker to the end client will be legally responsible for operating PAYE on the worker's pay. If there is no agency involved in the supply of the umbrella company worker, this responsibility will be placed on the end client itself.

This measure will be effective from April 2026.

The tax base

The total tax base reflects HMRC estimates of the size of the tax loss attributable to non-compliance by umbrella companies. The tax base is projected over the period in line with operational assumptions on the expected trends in this non-compliant behaviour.

Costing

The first part of the costing is calculated by estimating how much extra tax will become collectable as a result of the measure.

The second part of the costing includes an adjustment to account for behavioural changes from recruitment agencies that have non-compliant umbrella companies within their supply chains.

Exchequer impact (£m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	+0m	+75m	+895m	+740m	+635m	+500m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base and the behavioural response to the measure.

Increasing the interest rate on unpaid tax from April 2025

Measure description

The government will increase the late payment interest rate charged by HMRC on unpaid tax liabilities by 1.5 percentage points to Bank Rate plus 4 percentage points.

This measure will be effective from 6 April 2025.

The tax base

The tax base for this measure is overdue tax liabilities on which interest will be paid. This is estimated using HMRC administrative data. The tax base is grown over the forecast horizon using OBR economic determinants.

Costing

The costing is estimated by applying the pre- and post-measure impact to the tax base.

Exchequer impact (£m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	+50m	+255m	+260m	+215m	+215m	+215m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base and behavioural response.

Changes to tax rules on liquidations of Limited Liability Partnerships from 30 October 2024

Measure description

This measure ensures that, where a member of a Limited Liability Partnership (LLP) has contributed assets to an LLP, chargeable gains that accrue up to the contribution are taxed (either Capital Gains Tax or Corporation Tax) when the LLP is liquidated and the assets are disposed of to the member, or to a person connected to them. The LLP will be liable in the normal way for gains from the time of contribution on their actual disposal of the asset.

This measure will be effective from 30 October 2024.

The tax base

The tax base consists of non-financial assets contributed to an LLP by its members that enters members voluntary liquidation after a period of trading. Gains made on these assets prior to being contributed to the LLP are not subject to a tax charge under current legislation.

The tax base is grown over the forecast horizon using the OBR's economic forecasts.

Costing

The costing estimates the gains that tax is currently not charged on due to the use of LLP avoidance arrangements and applies the post-measure tax regime to these affected gains.

The costing accounts for attrition of the tax base due to individuals responding to the change in tax treatment.

Exchequer impact (£m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	+5m	+15m	+15m	+15m	+15m	+15m

Areas of uncertainty

The main uncertainties relate to the size of the tax base and behavioural response.

Strengthen existing charity tax rules from April 2026, to prevent abuse and ensure that only the intended tax relief is given to charities

Measure description

This measure will make several changes to legislation to aid compliance with charitable tax reliefs. These include:

- Tainted Donations: To strengthen HMRC compliance powers to take action when a donor gives to a charity with the intention of receiving an advantage back.
- Approved Investments: To make it explicit that all investments by charities that qualify for charitable tax reliefs must be for the benefit of the charity and not the avoidance of tax.
- Attributable Income: To extend the existing rule that charities' tax-relieved income must be spent on charitable activities to income received from legacies.

This measure will be effective from April 2026.

The tax base

The tax base is calculated using information from a number of relevant compliance cases, HMRC administrative data, and Charity Commission data.

Costing

The static costing is estimated by applying the post-measure tax regime to the tax base.

Behavioural effects are then applied including reduced non-compliant donations and charities adjusting investment and expenditure plans.

Exchequer impact (£m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	+0m	*	+20m	+35m	+35m	+35m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base and behavioural response.

Preventing non-compliance from the transfer overseas of UK tax-relieved pension funds

Measure description

This measure removes the exclusion from the Overseas Transfer Charge (OTC) of transfers to a Qualifying Recognised Overseas Pension Scheme (QROPS) in the European Economic Area (EEA) or Gibraltar, where the member is resident in the UK or an EEA state. These transfers will be subject to the 25% OTC charge, unless another exclusion applies.

This measure will be effective from 30 October 2024.

The tax base

The tax base is estimated using HMRC administrative data, this reflects the number of recorded uses of the exclusion and multiplies this by the average value of QROPS transfers to an EEA or Gibraltar-based QROPS. The tax base is grown over the forecast horizon using the OBR's forecast for wages and salaries.

Costing

The static costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above.

The costing accounts for a behavioural response whereby the population impacted would reduce the number of transfers that they make, after the exemption from the OTC is removed.

Exchequer impact (£m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	*	+5m	+5m	+5m	+5m	+5m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base and behavioural response.

Amending anti-avoidance rules to ensure shareholders cannot extract funds untaxed from close companies from 30 October 2024

Measure description

This measure amends legislation in the section 455 'Loans to Participators' anti-avoidance legislation to prevent close companies recycling loans through two or more companies to avoid tax.

This measure will be effective from 30 October 2024.

The tax base

The tax base is all companies that currently and would in the future conduct their affairs in this way. This is estimated using known occurrences uncovered by compliance checks by HMRC and uplifting this value to reflect unknown cases. This is projected forward using the OBR's Autumn Budget 2024 economic determinants.

Costing

The costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above.

It also accounts for a behavioural response whereby taxpayers change their tax planning behaviour.

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	+5m	+10m	+5m	+5m	+5m	+5m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base and the behavioural response.

Confirming plans to mandate the reporting of benefits in kind via payroll software from April 2026

Measure description

The measure provides an update on plans to mandate that employers must report and pay income tax and Class 1A National Insurance contributions on most Benefits in Kind (BiKs) in real-time, via payroll software. In most cases, this will remove the end of year P11D form reporting process. This measure does not change tax liabilities.

This measure will be effective from April 2026.

The tax base

The tax base is Class 1A National Insurance contributions and income tax on BiKs. This is projected forward using the OBR's Autumn Budget 2024 economic determinants.

Costing

The costing is estimated by bringing forward the timing of payment and a behavioural response whereby there is reduced non-compliance.

Exchequer impact (£m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	+0m	+0m	+35m	+35m	+35m	+35m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the behavioural response.

Ending contrived car ownership schemes: closing loopholes in employee car ownership schemes to prevent them from being used to circumvent Company Car Tax from 6 April 2026

Measure description

This measure closes loopholes in the legislation around Employee Car Ownership Schemes to prevent them being used as circular transactions by employers as a method of circumventing the Company Car Tax (CCT) liability of the employee and their own Employer NICs liability.

This measure will be effective from 6 April 2026.

The tax base

The tax base reflects the estimated taxable value of affected cars. The tax base is grown over the forecast horizon using HMRC's CCT model, which includes assumptions around vehicle volumes, efficiencies, and prices.

Costing

The costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above.

The costing accounts for a behavioural response, whereby some taxpayers switch towards alternative vehicles, or move away from using the CCT scheme altogether.

Exchequer impact (£m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	+0m	+0m	+275m	+220m	+195m	+175m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base and the behavioural response.

Modernising and mandating registration of tax practitioners interacting with HMRC from April 2026

Measure description

This measure will invest to modernise HMRC's tax adviser registration services and will mandate registration of tax advisers who interact with HMRC on behalf of clients.

This measure will mandate registration from April 2026.

The tax base

The tax base includes tax advisers currently registered with HMRC and those not registered with HMRC who will need to be compliant with their own tax affairs as a requirement of registration and will be checked periodically post registration. The tax base is grown over the forecast period using OBR tax revenue forecasts.

Costing

The static costing is estimated by applying the pre- and post-measure impacts to the tax base.

The costing accounts for a behavioural response as compliance rates are improved in order to secure registration.

Exchequer impact (£m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	+0m	*	+5m	+35m	+40m	+40m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base and behavioural response.

Increased collection of tax due supported by investment in 5,000 additional HMRC compliance staff

Measure description

HMRC will recruit an additional 5,000 full-time equivalent (FTE) staff by 2029-30 to expand their work to tackle non-compliance and bring in additional tax revenue, ensuring that individuals and businesses pay the tax they owe.

Recruitment has already begun, and the first 200 staff will join in November 2024.

The tax base

The tax base for this costing is the total tax gap. The UK tax gap in 2022-23 is estimated to be 4.8% of total theoretical tax liabilities. This is the difference between the amount of tax which is due to be paid to HMRC, and what is actually paid.

Costing

The costing model has been calculated by estimating the additional tax collected by the additional staff based on historic performance and expectations on the future tax base.

Exchequer impact (£m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	+10m	+165m	+540m	+1,150m	+1,940m	+2,725m

Areas of uncertainty

The main uncertainties in this costing relate to the assumptions of additional tax revenue collected and staff recruitment rates.

Increased collection of overdue tax debt by additional investment in HMRC debt management staff

Measure description

The government is providing funding for 1,800 HMRC debt management staff to enhance HMRC's capacity to collect outstanding tax debts. Funding is provided for 1,200 existing staff to extend their work with HMRC, and 600 additional staff.

This measure will be effective from February 2025.

The tax base

The tax base for this measure is derived by considering the stock and future flow of debt owed to HMRC, which will be collected by additional HMRC resources. The tax base is grown over the forecast horizon using OBR economic determinants.

Costing

The costing has been calculated by estimating the additional tax collected as a result of the increased investment.

Exchequer impact (£m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	+275m	+815m	+1,230m	+1,490m	+1,515m	+2,030m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax debt base and assumptions of additional tax revenue collected.

Modernising HMRC systems and data: Pre-populating Self-Assessment tax returns with Child Benefit data (for the purposes of the High-Income Child Benefit Charge)

Measure description

This measure will pre-populate tax-payers' digital self-assessment returns with their or their partners' Child Benefit payments to help ensure compliance. This will help to prevent taxpayers under-reporting or over-reporting their Child Benefit payments from their returns.

This measure will be effective from 6 April 2026 for tax returns from the 2025-26 financial year onwards.

The tax base

The total tax base reflects HMRC estimates of the size of the tax gap associated with this non-compliant taxpayer population. The tax base is projected over the period in line with operational and economic assumptions on the expected trends in this non-compliant behaviour.

Costing

The static costing is estimated by applying assumptions around how much extra tax will now become collectable as a result of this measure.

The costing accounts for no significant behavioural effect.

Exchequer impact (£m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	+0m	+20m	+25m	+30m	+30m	+30m

Note: For presentational purposes, this measure has been combined in Table 5.1 with the other *Modernising HMRC systems and data* measures into *Improving tax receipts from modernising HMRC systems and data*. Totals may not sum due to rounding.

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base.

Modernising HMRC systems and data: Digitalisation of Individual Savings Accounts (ISAs)

Measure description

This measure will update ISA reporting requirements so that providers will submit monthly reporting, rather than annual, data into a common digital system. This will enable HMRC, ISA providers, and savers to identify where savers are paying in over the limit and correct this in-year.

This measure will be effective from 1 April 2027.

The tax base

The tax base consists of the returns to savings paid to individuals who would have planned to or continued to subscribe over the current £20,000 ISA limit. The tax base is derived from the latest data available on ISA subscriptions which comes from ISA providers.

Costing

The static costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above.

The costing accounts for a behavioural response whereby significantly fewer savers will subscribe over the £20,000 annual limit into ISAs than under the current system.

Exchequer impact (£m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	+0m	+0m	+5m	+15m	+25m	+40m

Note: For presentational purposes, this measure has been combined in Table 5.1 with the other *Modernising HMRC systems and data* measures into *Improving tax receipts from modernising HMRC systems and data.* Totals may not sum due to rounding.

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base, behavioural response, and rates of return on investments.

Modernising HMRC systems and data: Modernising voluntary Self-Assessment pre-payment via the HMRC app

Measure description

This measure will modernise HMRC's app to allow income tax Self-Assessment taxpayers to make voluntary advance payments in instalments.

This measure will be effective from September 2026.

The tax base

The tax base is derived by considering the amount of Income Tax Self-Assessment liabilities which may be paid by the new service. The tax base is grown over the forecast horizon using the Self-Assessment Income Tax forecast.

Costing

The measure has no static impact.

The costing accounts for a behavioural response whereby more taxpayers choose to make voluntary pre-payments via the HMRC app.

Exchequer impact (£m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	+0m	+0m	+55m	+75m	+95m	+115m

Note: For presentational purposes, this measure has been combined in Table 5.1 with the other *Modernising HMRC systems and data* measures into *Improving tax receipts from modernising HMRC systems and data*. Totals may not sum due to rounding.

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base and behavioural response.

Modernising HMRC systems and data: Inheritance Tax digitalisation

Measure description

This measure will replace the current Inheritance Tax (IHT) administrative system with an online digital platform where individuals such as personal representatives, trustees, and tax advisors will be able to submit IHT information and manage payments.

This measure will come into effect during 2027-28, when the new digital system will go live.

The tax base

The tax base for this measure is the existing population of estates paying IHT. The tax base is grown over the scorecard period in line with the OBR's IHT receipts forecast.

Costing

The measure has no static impact on tax receipts.

The costing accounts for a behavioural response to the administrative simplifications whereby errors and failures to take reasonable care by taxpayers providing relevant IHT information are reduced.

Exchequer impact (£m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	+0m	+0m	+0m	+15m	+40m	+75m

Note: For presentational purposes, this measure has been combined in Table 5.1 with the other *Modernising HMRC systems and data* measures into *Improving tax receipts from modernising HMRC systems and data*. Totals may not sum due to rounding.

Areas of uncertainty

The main uncertainties in this costing relate to the size of the behavioural response.

Modernising HMRC systems and data: Modernising debt management IT systems

Measure description

The government is investing to modernise HMRC's debt management case system. The more effective system will improve efficiency, enabling HMRC to collect more debt.

This measure will be effective from 6 April 2025.

The tax base

The tax base for this measure is derived by considering all debt available for HMRC to collect. The tax base is grown over the forecast horizon using OBR economic determinants.

Costing

The costing has been calculated by estimating the additional tax collected as a result of the increased investment.

Exchequer impact (£m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	+0m	+5m	+35m	+80m	+205m	+340m

Note: For presentational purposes, this measure has been combined in Table 5.1 with the other *Modernising HMRC systems and data* measures into *Improving tax receipts from modernising HMRC systems and data*. Totals may not sum due to rounding.

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base and assumptions of additional tax revenue collected.

Modernising HMRC systems and data: Investing to acquire credit reference agency data for HMRC

Measure description

The government is investing to acquire further credit reference agency data to enable HMRC to better target their debt collection activities.

This measure will be effective from 6 April 2026.

The tax base

The tax base is based on purchasing credit reference agency data for companies, which HMRC will use to better target debt collection activities. The tax base is grown over the forecast horizon using OBR economic determinants.

Costing

The costing has been calculated by estimating the additional tax collected as a result of investing in further credit reference agency data.

Exchequer impact (£m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	+0m	+10m	+40m	+95m	+90m	+105m

Note: For presentational purposes, this measure has been combined in Table 5.1 with the other *Modernising HMRC systems and data* measures into *Improving tax receipts from modernising HMRC systems and data.* Totals may not sum due to rounding.

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base and the collection rate.

Abolition of non-domicile tax status and introduction of a residence-based regime: remove the 50% discount on foreign income in 2025/26; apply inheritance tax; set Capital Gains Tax rebasing date at 5 April 2017; and extend the Temporary Repatriation Facility from two to three years

Measure description

The remittance basis of taxation for non-UK domiciled individuals is being abolished and replaced with a simpler residence-based regime. Individuals opting into the regime will not pay UK tax on foreign income and gains (FIG) for the first four years of tax residence, provided they have been non-tax resident for the previous 10 years.

This measure introduces a residence-based system for Inheritance Tax and the planned 50% reduction in foreign income subject to tax in the first year will be scrapped. For Capital Gains Tax purposes, current and past remittance basis users will be able to rebase personally held foreign assets to 5 April 2017 on disposal where certain conditions are met.

Overseas Workday Relief will be extended to a four-year period and will be subject to an annual financial limit of the lower of £300,000 or 30% of net employment income. This measure also extends the previously announced Temporary Repatriation Facility to three years and expands the scope to trust structures.

This measure will be effective from 6 April 2025.

The tax base

The tax base is made up of the foreign assets, income and gains of UK residents from HMRC administrative data and is grown over the forecast horizon using the OBR forecast for world equity prices.

Costing

The static costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above.

The costing accounts for behavioural responses including migration and tax planning.

Exchequer impact (£m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	+0m	*	+4,170m	+5,895m	+2,545m	+95m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base and behavioural response.

Carried interest: Increase the rates of Capital Gains Tax on carried interest to 32% from 6 April 2025, then move the carried interest taxation regime to the Income Tax framework from 6 April 2026 onwards

Measure description

This measure will increase the 18% and 28% rates of Capital Gains Tax (CGT) that apply to carried interest to 32%.

This will be followed by moving the regime fully into the Income Tax framework from April 2026, with carried interest to be treated as trading profits and subject to Income Tax and Class 4 National Insurance Contributions. Qualifying carried interest will be subject to a multiplier of 72.5%. Amendments will also be made to the income-based carried interest (IBCI) rules.

This measure will be effective from 6 April 2025 for the CGT rate changes and 6 April 2026 for the move to the Income Tax framework and amendments to the IBCI rules.

The tax base

The tax base is all carried interest taxpayers and their existing carried interest gains. This is estimated using HMRC administrative data. The tax base is projected over the scorecard period using the OBR's forecast for CGT.

Costing

The costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above.

The costing accounts for a number of behavioural responses, including migration.

Exchequer impact (£m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	+0m	+0m	-5m	+140m	+80m	+85m

Areas of uncertainty

The main uncertainties in this costing relate to the scale of any behavioural responses.

VAT: Applying the standard rate (20%) to education and boarding services provided by private schools from 1 January 2025

Measure description

This measure introduces VAT on independent school fees at the Standard Rate of 20%.

This measure will be effective for school terms commencing on or after 1 January 2025.

The tax base

The tax base is the total fee income of private schools. This is estimated by multiplying numbers of pupils at independent schools by average fees per pupil. Pupil numbers are taken from the DfE school census and devolved governments' data. Average fees for member schools of the Independent Schools Council (ISC) are taken from the ISC's 2024 Census, and for other schools are estimated using data from sampling.

The tax base is projected over the forecast period by applying forecast growth in average earnings with an uplift based on observed historic growth in fees.

Costing

Additional output VAT is calculated at 20% of the tax base above. This is then reduced by estimated input VAT on purchases to arrive at the static costing.

The costing accounts for a behavioural response whereby schools absorb part of the VAT liability through reserves and cost reductions, and pass on the remainder as fee increases. An elasticity of demand is then applied to the resulting average increase in fees. The demand effect is then phased over the forecast period based on the expected timing of pupil movements. The costing further assumes that expenditure displaced to or from spending on school fees, from fee increases or departures from private schools, will partly be displaced from or to other Standard Rated expenditure.

Exchequer impact (£m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	+460m	+1,505m	+1,560m	+1,610m	+1,665m	+1,725m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base and behavioural responses.

Business Rates: Remove eligibility of private schools for charitable rate relief from 1 April 2025

Measure description

This measure will lead to private schools in England no longer being eligible for charitable rates relief. Private schools which are 'wholly or mainly' concerned with providing full time education to pupils with an Education, Health Care Plan will remain eligible for relief.

This measure will be effective from 1 April 2025

The tax base

The tax base consists of the total rateable value of private school properties in England losing eligibility for charitable rates relief, multiplied by the 2025-26 business rates multipliers.

Costing

The static costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above. The static cost is adjusted to reflect the fact that business rates are devolved to Scotland, Wales and Northern Ireland. The costing includes no adjustments for behavioural effects.

Business rates retention means that local authorities (LAs) retain a proportion of all business rates revenue. The increase in rates receipts due to the reduction in charitable rates relief for private schools will be shared between central and local government.

The cost also accounts for new burdens funding that English Local Authorities will receive for administrative and IT costs associated with the measure.

Exchequer impact (£m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	+0m	+70m	+85m	+85m	+85m	+90m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base.

Changes to Energy Profits Levy and introduction of tax relief for payments in relation to oil and gas assets transferred for use in Carbon Capture Usage and Storage

Measure description

This measure will increase the Energy Profits Levy (EPL) rate to 38% and will extend the EPL's duration to 31 March 2030, subject to the Energy Security Investment Mechanism (ESIM) not triggering beforehand. The EPL's Investment Allowance (IA) will also be removed, except for expenditure on decarbonisation, where the rate will be reduced to 66%. This will be effective from 1 November 2024.

Tax relief is also being provided for the purposes of Ring fence Corporation Tax and the Supplementary Charge for payments made by oil and gas companies into Decommissioning Funds, in relation to assets transferred for repurposing from oil and gas for use in Carbon Capture Usage and Storage (CCUS). Receipts from the sale of these assets will be exempt from the charge to the EPL. This will be effective from the date of Royal Assent to the Autumn Finance Bill 2024.

The tax base

The tax base for the EPL comprises the taxable profits of oil and gas exploration and production companies operating in the UK or on the UK Continental Shelf (UKCS), subject to specific exclusions and allowances. This is estimated using HMRC's North Sea Oil and Gas forecasting model which uses information from annual surveys of operating companies, by the North Sea Transition Authority, alongside information from tax returns. The tax base increases over the forecast period in line with the OBR's forecasts for production, expenditure and oil and gas prices. The tax base for the relief for payments made into decommissioning funds for assets repurposed for use in CCUS are oil and gas companies that operate in the UK or on the UKCS who transfer relevant assets to CCUS projects.

Costing

The static costings are estimated by applying the pre- and post-measure tax regimes to their respective tax bases described above. A small behavioural adjustment is included in the EPL costing to take account of companies changing their capital expenditure and associated production in response to the measure. No behavioural effects are expected for the CCUS measure.

Exchequer impact (£m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	+195m	+470	+220m	+50m	+410m	+955m

Note: These two measures have been costed separately and the cost/yield estimates have been combined to protect commercially sensitive information relating to specific taxpayers used in the CCUS costing. The cost of relief for the CCUS changes is a very small proportion of the overall costings.

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base and the behavioural response.

Stamp Duty Land Tax (SDLT): Increase the Higher Rate of Additional Dwelling (HRAD) of SDLT by 2ppts from 3% to 5% from 31 October 2024

Measure description

This measure will increase the Higher Rates for Additional Dwellings (the higher rates) surcharge on Stamp Duty Land Tax (SDLT) by 2 percentage points from 3% to 5%. It will also increase the single rate of SDLT that is charged on the purchase of dwellings costing more than £500,000 by corporate bodies from 15% to 17%.

This measure will be effective from 31 October 2024.

The tax base

The tax base reflects property transactions that currently attract the higher rates surcharge and single rate for corporate bodies. It is estimated using HMRC's SDLT microsimulation model, based on transactions in the financial year 2022-23, and is grown in line with the OBR's forecast of residential property prices and transactions.

Costing

The static costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above.

The costing accounts for a behavioural response, including impacts on residential property transactions liable to the higher rates and the single rate for corporate bodies, and on residential property prices. The costing assumes that a proportion of the disincentivised higher rates transactions will be displaced by primary residence transactions.

Exchequer impact (£m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	+115m	+90m	+170m	+255m	+280m	+310m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base and behavioural response.

Employer National Insurance contributions: Increase rate by 1.2 ppts to 15%, cut the Secondary Threshold to £5,000 until 5 April 2028 and uprate with CPI thereafter, increase Employment Allowance to £10,500, remove the £100,000 Employment Allowance eligibility threshold

Measure description

This measure introduces a number of changes to Employer National Insurance Contributions (NICs), including:

- Reducing the Secondary Threshold (ST) from £9,100 annual equivalent to £5,000 annual equivalent, then increasing it in line with CPI from 2028-29;
- Increasing the Employer NICs (ER NICs) rate from 13.8% to 15% (over the ST);
- Increasing the Employment Allowance (EA) from £5,000 to £10,500;
- Removing the Employment Allowance cap, meaning employers with ER NIC liabilities over £100,000 in the previous tax year (but which are otherwise eligible) are able to claim the full £10,500 Employment Allowance.

This measure will be effective from 6th April 2025.

The tax base

The tax base includes all employers paying ER NICs from April 2025. This is estimated using HMRC's Personal Tax Model based on the 2021-22 Survey of Personal Incomes, projected forward using OBR's Autumn Budget 2024 economic determinants.

For the Employment Allowance, the tax base consists of eligible ER NIC liabilities between their current Employment Allowance claim and £10,500.

Costing

The static costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above.

The costing also accounts for changes to future incorporations of businesses.

Exchequer impact (£m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	+0m	+23,770m	+23,690m	+24,170m	+24,930m	+25,710m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base and behavioural response.

Capital Gains Tax: Increase the main rates of CGT to 18% and 24% from 30 October 2024, and the Business Asset Disposal Relief (BADR) and Investors' Relief (IR) rate to 14% from 6 April 2025 and to 18% from 6 April 2026

Measure description

This measure will increase the Capital Gains Tax (CGT) main rates to 18% and 24% for the lower and higher rate respectively, to be aligned with the existing rates on residential property.

This measure will be effective from 30 October 2024.

The Business Asset Disposal Relief (BADR) and Investors' Relief (IR) rate will also increase to 14% from 6 April 2025 and 18% from 6 April 2026.

The tax base

The tax base consists of all CGT liable main rate assets and BADR and IR eligible assets disposed of during the scorecard period. The tax base is grown over that horizon by using the OBR's Capital Gains Tax forecast.

Costing

The costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above.

The costing then accounts for behavioural responses, such as changing the timing of disposals.

Exchequer impact (£m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	+90m	+1,440m	+1,370m	+1,350m	+2,180m	+2,490m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base and the behavioural response.

Inheritance Tax: Include unused pension funds and death benefits payable from a pension in the value of estates from 6 April 2027

Measure description

This measure brings unused pension funds and death benefits payable from a pension into a person's estate for Inheritance Tax (IHT) purposes.

This measure will be effective from 6 April 2027.

The tax base

The tax base consists of death estates that contain unused pension funds and death benefits. It is estimated using a combination of HMRC administrative data and data from the Wealth and Assets Survey.

The tax base is grown over the scorecard period in line with the OBR forecast for equity prices.

Costing

The static costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above.

The costing accounts for a behavioural response whereby individuals restructure their estates by increasing the rate at which they draw down their unused pensions, or by making greater use of other available reliefs and exemptions.

Exchequer impact (£m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	+0m	+0m	+0m	+640m	+1,340m	+1,460m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base and the behavioural response.

Inheritance Tax: Reform agricultural property relief and business property relief from 6 April 2026 by maintaining 100% relief for the first £1m of combined assets and 50% relief thereafter, and 50% relief for "not listed" shares on the markets of a recognised stock exchange

Measure description

This measure reforms Agricultural Property Relief (APR) and Business Property Relief (BPR). In addition to existing nil-rate bands and exemptions, the current 100% rates of relief will continue for the first £1 million of combined agricultural and business property. The rate of relief will be 50% thereafter, and in all circumstances for shares designated as "not listed" on the markets of recognised stock exchanges, such as the Alternative Investment Market (AIM).

This measure will be effective from 6 April 2026.

The tax base

The tax base consists of all estates subject to IHT that are projected to claim APR or BPR across the scorecard period. The tax base is estimated using HMRC administrative data.

The tax base is grown over the forecast in line with the OBR's forecast for IHT receipts.

Costing

The static costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above.

The costing accounts for a behavioural response whereby individuals restructure their estates by making greater use of other available reliefs and exemptions.

Exchequer impact (£m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	+0m	+0m	+230m	+495m	+520m	+520m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base and the behavioural response.

Inheritance Tax: Maintain thresholds at current levels for a further two years until 6 April 2030

Measure description

This measure fixes the Nil-Rate Band and Residence Nil-Rate Band thresholds at £325,000 and £175,000 respectively for tax years 2028-29 and 2029-30. It also fixes the Residence Nil-Rate Band taper at the current level of £2 million.

This measure will be effective from 6 April 2028.

The tax base

The tax base consists of Inheritance Tax (IHT) liable estates estimated using HMRC administrative data and projected using OBR economic determinants.

Costing

The difference between the baseline IHT forecast and the forecast with these changes, using the tax base above, gives the estimated static yield of the threshold changes.

The costing accounts for a behavioural response whereby some estates respond to the change in threshold relative to the pre-measures baseline.

Exchequer impact (£m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	+0m	+0m	+0m	+0m	+110m	+355m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base and sensitivity to the CPI forecast.

Savings: Maintain subscription limits at current levels for Adult ISAs, Junior ISAs and Child Trust Funds from 6 April 2025 to 5 April 2030

Measure description

This measure will maintain the Individual Savings Account (ISA), Junior ISA and Child Trust Fund limits at current levels, as below, until 5 April 2030:

- ISA - £20,000
- Junior ISA - £9,000
- Child Trust Fund - £9,000

This measure will be effective from 6 April 2025.

The tax base

The tax base consists of the latest data available on ISA subscriptions projected in line with OBR forecasts and based on historical average growth rates. The tax base is derived from the latest data available on ISA subscriptions matched to the Survey of Personal Incomes.

Costing

The costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above. The costing is calculated by estimating the increase in tax payable on savings as a result of this change. The costing does not include any adjustment for a behavioural response.

Exchequer impact (£m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	+0m	+0m	+15m	+90m	+265m	+605m

Areas of uncertainty

The main uncertainties in this costing relate to the forecast of future returns to savings.

Company Car Tax: Set appropriate percentages for electric vehicles, hybrids and internal combustion engine vehicles for 2028-29 and 2029-30

Measure description

This measure announces changes to the Company Car Tax (CCT) legislation and sets appropriate percentages (APs) for 2028-29 and 2029-30. Fully electric and zero emission vehicle APs will increase by 2% per annum. APs for cars with emissions of 1-50g/km of CO2 will increase to 18% in 2028-29 and 19% in 2029-30. APs for all other emission bands will increase by 1% per annum to maximum APs of 38% for 2028-29 and 39% for 2029-30.

These measures will be effective from 6 April 2028.

The tax base

The total taxable benefit and distribution for company cars is estimated from HMRC administrative data on company cars. This data is projected forward for future years using OBR's Autumn Budget 2024 economic determinants on car sales and fuel type.

Costing

The costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above.

The costing accounts for a behavioural response whereby a proportion of Plug-in Hybrid Electric Vehicles (with emissions of 1-50g/km of CO2) are replaced by electric and zero emission vehicles.

Exchequer impact (£m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	+0m	+0m	+0m	+0m	+135m	+210m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base.

Vehicle Excise Duty: from 1 April 2025, freeze the lowest First Year Rate (FYR) paid by zero emission cars until 2029-30, increase FYRs for all other emission bands including hybrids and Internal Combustion Engine vehicles in 2025-26

Measure description

This measure will adjust the first year Vehicle Excise Duty (VED) rates for newly registered cars. For 2025-26, rates for cars that emit 1 to 50g/km will increase to £110 and rates for cars that emit 51 to 75g/km will increase to £130. All other CO2 band rates will double. Rates for zero emission cars will remain frozen at £10 until 2029-30

This measure will be effective from 1 April 2025.

The tax base

The tax base for this is every newly registered car of each fuel type from 2025-26 onwards multiplied by the VED rate. The tax base is projected forward using the OBR's Autumn Budget 2024 economic determinants.

Costing

The costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above.

The costing accounts for several behavioural responses, including consumers switching to cheaper car models, switching directly to electric cars, choosing not to purchase a new car, and delaying their car purchases. It also accounts for forestalled car purchases.

Exchequer impact (£m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	+15m	+415m	+410m	+370m	+285m	+200m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the behavioural response and the number of new car registrations in future years.

Air Passenger Duty: Adjustment to increase all rates from 2026-27 with a further 50% increase for larger private jets, and rates set to nearest penny from 2027-28

Measure description

This measure increases all Air Passenger Duty (APD) rates in 2026-27 by 13% compared to the previous year, rounded to the nearest pound. This equates to £1 more for those taking domestic flights in economy class, £2 more for those flying to short-haul destinations in economy class, £12 for long-haul destinations, and relatively more for premium economy and business class passengers.

The higher rates that apply to larger private jets, will also increase by a further 50%, with rates also rounded to the nearest pound.

This measure will be effective from 1 April 2026. From 2027-28 onwards, APD rates will be set to the nearest penny.

The tax base

The tax base is the number of passengers departing from UK airports that qualify for APD. Total passenger numbers are separated into bands. There is a band for domestic flights within the UK, with other bands set based on the distance from London to the capital city of the final destination, using Civil Aviation Authority (CAA) data. The tax base increases in line with the passenger numbers assumed in the OBR's overall forecast.

Costing

The costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above.

The costing accounts for a behavioural effect to account for the change in flights taken resulting from the change in the tax rates.

Exchequer impact (£m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	+0m	+0m	+520m	+585m	+650m	+720m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base and the behavioural response.

Vaping Products Duty: Introduce a flat rate duty at £2.20/10ml from 1 October 2026

Measure description

This measure will change the structure of Vaping Products Duty from the planned tiered system based on nicotine content to a single rate at £2.20 per 10ml of liquid.

This measure will be effective from 1 October 2026.

The tax base

The tax base is estimated using a range of industry and market research data on the consumption of e-liquids used in vaping products and assumes a ban on disposable vaping products. The tax base is projected using OBR population projections and assumed trends in demand for e-liquids.

Costing

The static costing is estimated by applying the pre- and post-measure tax regimes to the tax base.

A behavioural adjustment is made to account for a reduction in consumer demand for vaping products in response to the change in the price of vaping products, and an increase in demand for tobacco products. Adjustments are also made to account for forestalling and non-compliance responses of producers and consumers.

Exchequer impact (£m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	+0m	+0m	+5m	+10m	+10m	+15m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base and behavioural response.

Tobacco Duty: Introduce a tobacco duty escalator of RPI +2% for the Parliament; increase duty on hand rolling tobacco a further 10% (RPI+12%) for 2024-25 from 30 October 2024; and a separate one-off duty increase to maintain financial incentive to choose vaping over smoking from 1 October 2026

Measure description

This measure reinstates the RPI plus 2% escalator on tobacco duty to the end of the current Parliament. The measure also implements a one-off RPI plus 10% increase on hand-rolling tobacco in addition to the RPI plus 2% escalator.

These changes will be effective from 6pm on 30 October 2024.

In addition, to maintain the financial incentive to choose vaping over smoking, all tobacco duties were set to increase by an additional one-off £2.00 per 50g of tobacco or 100 cigarettes alongside the introduction of Vaping Products Duty. This measure raises the one-off increase to £2.20.

This change will be effective from 1 October 2026.

The tax base

The tax base is all tobacco products cleared into the UK market, derived from the OBR's tobacco duty forecast.

Costing

The static costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above.

A behavioural adjustment is made to account for changes in tobacco and vaping consumption in response to a price change.

Exchequer impact (£m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	+40m	+85m	+105m	+135m	+160m	+180m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base and behavioural response.

Soft Drinks Industry Levy: Uprate by CPI since introduction in 2018 evenly across the forecast period and uprate annually by CPI from 1 April 2025

Measure description

This measure will uprate the Soft Drinks Industry Levy (SDIL) by 27% to reflect CPI inflation between 2018 and 2024. This increase will be spread equally over a five-year period from 2025 to 2029. There will also be an additional annual uprating to reflect CPI inflation in the previous year.

This measure will be effective from 1 April 2025.

The tax base

The SDIL is applied to the production and import of liable soft drinks containing added sugars. The tax base for this measure is the forecast volume of drinks liable for SDIL, derived from the OBR's SDIL forecast.

Costing

The costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above.

The costing accounts for a behavioural response whereby producers reformulate their product by lowering sugar content. It also accounts for reduced demand for drinks liable to SDIL resulting from prices changes.

Exchequer impact (£m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	+0m	+20m	+40m	+60m	+75m	+95m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base and behavioural response.

Winter Fuel Payments: Target payments at recipients of Pension Credit and certain other means-tested benefits from winter 2024-25

Measure description

This measure targets Winter Fuel Payments to pensioner households in receipt of Pension Credit, Universal Credit, income-related Employment and Support Allowance (ESA), income-based Jobseeker's Allowance (JSA), Income Support, Child Tax Credit or Working Tax Credit. Winter Fuel Payments are devolved to the Scottish Government and the Northern Ireland Executive. All figures are on a UK-wide basis, reflecting the Scottish Government's Block Grant Adjustment and Northern Ireland Executive funding changes.

This measure will be effective from Winter 2024-25.

The cost base

The cost base is estimated using benefit caseload, expenditure forecasts and official statistics from the DWP publication 'Income-related benefits: estimates of take-up'.

Costing

The costing is estimated by applying the pre- and post-measure benefit regimes to the cost base described above.

A behavioural adjustment is made to account for changes in Pension Credit take-up.

Exchequer impact (£m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	+1,450m	+1,510m	+1,555m	+1,580m	+1,605m	+1,655m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the behavioural response.

Pensions: Enhance Pension Credit take-up for new claims to Housing Benefit from April 2025

Measure description

This measure will allow DWP to use Housing Benefit data to identify potential Pension Credit customers and encourage them to claim any Pension Credit they are entitled to.

This measure will be effective from Spring 2025.

The cost base

The cost base is estimated using benefit caseload, expenditure forecasts and official statistics from the DWP publication 'Income-related benefits: estimates of take-up'.

Costing

The costing is estimated by applying the pre- and post-measure benefit regimes to the cost base described above.

Exchequer impact (£m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	+0m	*	-5m	-10m	+0m	+0m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the cost base.

Universal Credit: Accelerate migration of Employment and Support Allowance claimants onto Universal Credit from September 2024

Measure description

The measure will bring forward the planned movement of income-related Employment and Support Allowance claimants onto Universal Credit.

DWP will start to migrate claimants from September 2024 instead of 2028.

The cost base

The cost base is estimated using DWP's Universal Credit expenditure models, which use inputs such as benefit expenditure forecasts and economic determinants as forecast by the OBR.

Costing

The costing is produced by comparing the pre- and post-measure forecast cost of increased Universal Credit expenditure and reduction in Employment and Support Allowance expenditure.

The costing also includes a small behavioural impact of ESA partners moving into employment as a result of this measure.

Exchequer impact (£m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	-25m	-485m	-455m	-275m	+70m	+455m

Areas of uncertainty

The main uncertainties in this costing relate to the estimates of future benefit caseloads and the amounts they are entitled to.

Universal Credit: Amending Severe Disability Premium transitional protection regulations

Measure description

This measure amends the Severe Disability Premium to better support claimants who move from supported or temporary accommodation into rented housing.

This measure will be effective in 2025-26 and backdated to February 2024.

The cost base

The cost base is estimated using the number of Universal Credit households that received the Severe Disability Premium, proportion of these households receiving transitional protection and estimated levels of transitional protection and its erosion.

Costing

The costing is estimated by taking the number of households impacted by the erosion of their transitional protection when picking up the Universal Credit Housing Element, applying their estimated average Universal Credit payment and then eroding this by the OBR's forecast for CPI.

Exchequer impact (£m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	*	-5m	-5m	-5m	-5m	-5m

Areas of uncertainty

The main uncertainties in this costing relate to future Universal Credit population and future levels of CPI.

Investment in additional 3,000 fraud and error staff in DWP from April 2025

Measure description

This measure expands DWP's front-line counter-fraud staff by 3,000 to conduct more investigations, interviews, and enhanced checking of high-risk claims.

This measure will be effective from April 2025.

The cost base

The cost base is estimated using current performance data and modelling on DWP’s counter-fraud activities to detect and recover incorrect payments in DWP benefits.

Costing

The costing is estimated by applying the forecasted performance of DWP’s counter-fraud activities and applying this to forecasted levels of DWP benefit expenditure. This is used to derive the savings achieved from correcting past and future payments that would otherwise have been incorrect without DWP’s intervention.

Exchequer impact (£m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	+0m	+80m	+345m	+530m	+625m	+665m

Areas of uncertainty

The main uncertainties in this costing relate to the productivity rates of activities and the average values of incorrect payments detected.

New investment to verify Universal Credit claimant changes to tackle fraud and error from April 2025

Measure description

This measure will allow DWP to carry out additional checks on claimants who have changes in their circumstances to prevent fraud and error occurring in the welfare system.

This measure will be effective from April 2025.

The cost base

The cost base is estimated using current and forecasted levels of fraud and error in Universal Credit, including national statistics on DWP fraud and error.

Costing

The costing is estimated by breaking down the national statistics on DWP fraud and error by cause to determine how many claimants are not declaring changes of circumstances and then applying this to forecasted levels of incorrect benefit payments.

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	+0m	+105m	+225m	+225m	+235m	+250m

Areas of uncertainty

The main uncertainties in this costing relate to the level of incorrect payments due to change of circumstances not being declared and potential overlap with other DWP initiatives to tackle fraud and error.

Extending Targeted Case Review of Universal Credit claims from April 2028

Measure description

This measure extends DWP's current Targeted Case Review of Universal Credit claims, aimed at proactively reviewing and correcting millions of Universal Credit claims that are at risk of fraud, by two years.

This is currently due to expire in April 2028 but will be extended until April 2030.

The cost base

The cost base is estimated by using outturn data for the current performance of Targeted Case Review, forecasted levels of fraud and error in Universal Credit and productivity of Targeted Case Review workforce.

Costing

The costing is estimated by taking the forecasted performance of Targeted Case Review and applying this to forecasted levels of DWP benefit expenditure to derive the savings achieved from correcting payments that were incorrect in the past and correcting payments that would have otherwise been incorrect in the future without DWP's intervention.

Exchequer impact (£m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	+0m	+0m	+0m	+0m	+1,345m	+2,540m

Areas of uncertainty

The main uncertainties in this costing relate to the productivity of Targeted Case Review and the size of the average overpayments it detects and recovers.

Investment in additional 180 welfare counter-fraud staff in HMRC to tackle fraud and error in Child Benefit and Tax-Free Childcare from April 2025

Measure description

This measure aims to recruit 180 additional staff to address error and fraud in Child Benefit and Tax-Free Childcare claims.

The additional staff are expected to start from April 2025.

The tax base

The tax base is the error and fraud in Child Benefit and Tax-Free Childcare as estimated through HMRC's annual random enquiry programmes. The tax base is grown over the forecast horizon using the OBR's forecast for average earnings and inflation.

Costing

The static costing is estimated by applying the pre- and post-measure compliance capacity to the tax base described above.

Exchequer impact (£m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	+0m	+20m	+60m	+90m	+95m	+90m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base and the longer-term success of compliance activity and the ability to recover any losses.

Business Rates: 40% relief for Retail, Hospitality and Leisure (RHL) sectors for 2025-26 from 1 April 2025, up to a £110,000 cash cap per business

Measure description

This measure grants a 40% business rates discount to businesses occupying eligible retail, hospitality and leisure properties in England, up to a cash cap of £110,000 per business for one year.

This measure will be effective from 1 April 2025.

The tax base

The tax base consists of the total rateable value of all retail, hospitality and leisure properties in England, multiplied by the 2025-26 business rates multipliers.

Costing

The static costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above. The static cost is adjusted to reflect the fact that business rates are deductible for Corporation Tax for companies and Income Tax for the self-employed, and that business rates are devolved to Scotland, Wales, and Northern Ireland.

The costing includes no adjustments for behavioural effects.

Exchequer impact (£m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	+35m	-1,725m	+50m	-15m	+0m	+0m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base.

Business Rates: Freeze the small business multiplier for 2025-26

Measure description

This measure will freeze the small business multiplier at 49.9p for 12 months.

This change will be effective from 1 April 2025.

The tax base

The tax base consists of the total rateable value of all non-domestic properties in England that pay the small business multiplier, multiplied by the 2025-26 small business multiplier.

Costing

The static costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above. The static cost is adjusted to reflect the fact that business rates are deductible for Corporation Tax for companies and Income Tax for the self-employed, and that business rates are devolved to Scotland, Wales and Northern Ireland.

The costing includes no adjustments for behavioural effects.

Exchequer impact (£m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	*	-135m	-145m	-145m	-145m	-155m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base.

Fuel duty: One year extension to the 5p cut in rates and no RPI increase in 2025-26

Measure description

This measure freezes the rate of fuel duty for a further 12 months. This includes maintaining the 5 pence per litre (ppl) cut, which was first implemented on 23 March 2022, on rates for heavy oil (diesel and kerosene), unleaded petrol, and light oil, with a proportionate percentage cut (equivalent to 5ppl from the main fuel duty rate of 57.95ppl) in other lower rates and the rates for rebated fuels where practical.

The cut is currently due to expire on 23 March 2025 but will be extended to 22 March 2026.

The tax base

The tax base is all taxable fuel that is made available for use in the UK. The projected volumes of taxable fuel are taken directly from the HMRC fuel duty forecasting model.

Costing

The costing is calculated by taking the forecast baseline and applying the difference in the forecast and policy duty rates.

Behavioural responses are included to account for changes in consumption in response to this measure.

Exchequer impact (£m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	-45m	-3,015m	-880m	-890m	-900m	-890m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base and the behavioural response.

Capital allowances: extend 100% first-year allowances for zero-emission cars and electric vehicle charge-points to 31 March 2026 for Corporation Tax and 5 April 2026 for Income Tax

Measure description

This measure will extend the duration of the 100% First-Year Allowances for electric cars (0g/km) and electric vehicle charge-points by one year.

These will be extended until 31 March 2026 for Corporation Tax purposes and 5 April 2026 for Income Tax purposes.

The tax base

For electric cars, the tax base is based on data from HMRC's Corporation Tax returns and Self-Assessment data, projected forward using forecasts of new electric vehicle registrations.

For electric vehicle charge-points, the tax base is based on data from HMRC's Corporation Tax returns, projected forwards using forecasts of new electric vehicle registrations.

Costing

The static costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above.

For electric cars, the costing accounts for a behavioural response whereby HMRC expects an increase to the First-Year Allowance tax base as businesses purchase cars that qualify for the more generous allowance.

Exchequer impact (£m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	-20m	-175m	-125m	+45m	+25m	+25m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base and the behavioural response.

Alternative Finance: Changes to tax rules on alternative finance arrangements from 30 October 2024

Measure description

This measure changes the rules of the Annual Tax on Enveloped Dwellings (ATED) to ensure that, where the client of an alternative finance arrangement is an individual, no ATED liability arises on either the alternative finance provider or on the client. It also ensures that these alternative finance rules work for properties in Wales following devolution of land transaction taxes to the Welsh Government.

This measure will be effective from 30 October 2024.

The tax base

The tax base for this policy includes properties over the value of £500,000 that are financed using certain types of alternative finance arrangements, where the customer is an individual. The stock of liable properties was estimated using SDLT transaction data and projected using the OBR's Autumn Budget 2024 economic determinants.

Costing

The static costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above.

There is no behavioural adjustment to the costing.

Exchequer impact (£m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	*	-5m	-5m	-5m	-5m	-5m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base.

Alcohol Duty: Increase Draught Relief to reduce duty on an average ABV pint by 1p from 1 February 2025

Measure description

This measure cuts draught rates so that the average pint (4.58% alcohol by volume) pays 1p less in duty (including VAT). The main alcohol duty rates will be uprated in line with RPI.

This measure will be effective from 1 February 2025.

The tax base

Alcohol duty is payable on alcohol products when they are released for consumption onto the UK market, referred to as alcohol clearances. The tax base for this measure is the forecast of alcohol clearances, derived from the OBR's alcohol duty forecast.

Costing

The static costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above.

The costing accounts for behavioural responses whereby the demand for alcoholic products is adjusted in response to the duty rate change. The costing is also adjusted to account for reverse forestalling of draught products.

Exchequer impact (£m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	-10m	-85m	-85m	-90m	-95m	-100m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the behavioural response.

Carer's Allowance: Increasing the earnings limit to the equivalent of 16 hours at the National Living Wage from April 2025

Measure description

This measure will raise the Carer's Allowance Weekly Earnings Limit from £151 to the equivalent of 16 hours per week at the National Living Wage (£196). The Weekly Earnings Limit will then increase in line with future National Living Wage increases.

This measure will be effective from 7 April 2025.

The cost base

The cost base is DWP's forecast caseload for Carer's Allowance and OBR projections for increases in the National Living Wage.

Costing

The costing is calculated by measuring the potential group of new claimants who fall between the previously assumed earnings limits and the projected new earnings limit. This group has been estimated by using weighted labour market data.

Exchequer impact (£m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	+0m	-25m	-70m	-105m	-135m	-165m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the behavioural response in relation to levels of take-up of Carer's Allowance amongst newly eligible individuals. Additionally, the precise earnings distribution for carers in employment is not known.

Help to Save: Extend the current scheme with expanded eligibility to include all working UC claimants earning £1 or more, from 6 April 2025 to 5 April 2027

Measure description

This measure extends the Help to Save (HtS) scheme and expands eligibility to all working Universal Credit claimants earning £1 or more.

The scheme is currently due to close to new accounts on 5 April 2025 but will be extended until 5 April 2027. The new eligibility criteria will be effective from 6 April 2025.

The tax base

The tax base consists of the number of people that are expected to open a Help to Save account during the two-year extension. The tax base is forecast using data on individuals that are eligible via Working Tax Credits and working individuals receiving Universal Credit. Take-up is assumed to remain in line with historical figures.

Costing

The costing is estimated by multiplying the tax base described above by the average bonus of both terms.

The costing assumes that take-up and savings behaviours are unchanged from those observed throughout the duration of the existing scheme.

Exchequer impact (£m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	+0m	+0m	+0m	-20m	-20m	-20m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base.

Mineworkers Pension Scheme: Transfer of the Mineworkers Pension Scheme Investment Reserve to the scheme Trustees

Measure description

This measure will transfer funds out of the Investment Reserve Fund in the Mineworkers' Pension Scheme back to the scheme's Trustees an additional non-increasing bonus pension.

Payments will start from November 2024.

The cost base

The cost base for this measure is the current value of the Investment Reserve Fund in the Mineworkers' Pension Scheme.

Costing

The costing is estimated using Government Actuary's Department estimates of cash flow relating to the additional pension that will be paid out.

This costing assumes no behavioural impacts.

Exchequer impact (£m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	+0m	-70m	-70m	-65m	-60m	-60m

Areas of uncertainty

The main uncertainty in this costing relates to the size of future pension liabilities.

Veterans: Extend employer NICs relief for hiring veterans for one year from 6 April 2025

Measure description

This measure extends the availability of National Insurance contributions relief for employers that hire qualifying former members of regular armed services by one year.

This is currently due to expire on 5 April 2025 but will be extended until 5 April 2026.

The tax base

The tax base consists of the wages (between the Secondary Threshold and the Veterans Upper Secondary Threshold) of qualifying armed forces service leavers who are then subsequently employed by another employer. The tax base is estimated using HMRC administrative data.

Costing

The costing is estimated by applying the pre- and post-measure tax regimes to the tax base.

No significant behavioural effects are expected.

Exchequer impact (£m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	+0m	-5m	+0m	+0m	+0m	+0m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base.

Right to Buy: Reduce discounts and allow local authorities to retain full receipts from 21 November 2024

Measure description

This measure will reduce the Right to Buy discount on council homes, bringing the discounts back in line with 2012 levels. Local Authorities will also keep the full receipts from any Right to Buy sales in 2024-25 and 2025-26, removing the Treasury share.

This measure will be effective from 21 November 2024.

The cost base

The cost base consists of receipts from homes sold under the Right to Buy scheme, and current Local Authority expenditure on replacement homes. The pre-measure baseline assumes Local Authorities continue to surrender the HMT share portion of receipts at current levels.

Costing

The costing estimates the increase in receipts for Local Authorities because of the reduced discount.

It also accounts for a behavioural response whereby tenants adjust their behaviour to reflect the smaller discounts offered to them, reducing the overall income Local Authorities receive from sales. As they will receive less income, total Local Authority spending on replacement homes is expected to be lower.

However, due to Local Authorities being able to retain the full sales receipt, we expect the retained income to lead to proportionately more replacements than if the HMT share were still collected.

Exchequer impact (£m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	+0m	-265m	-280m	-195m	-205m	-240m

Areas of uncertainty

The main uncertainties in this costing relate to the behavioural response.

Public Works Loan Board: Extend discounted Public Works Loan Board rate for local authorities borrowing for social housing from 30 June 2025 to 31 March 2026

Measure description

This measure will extend the current 40-basis point discounted Public Works Loan Board (PWLB) lending rate for Local Authorities (LA) borrowing in their Housing Revenue Account (HRA).

This discounted rate is currently due to expire on 30 June 2025 and will be extended for the remainder of the financial year until 31 March 2026.

The cost base

The cost of the policy is the reduction in interest payments received as a result of lowering the lending rate which is then recycled into higher RAME spending by LAs in England, Scotland, and Wales.

Costing

The costing is estimated by looking at borrowing that has taken place so far using the discounted PWLB HRA rate and estimating the savings impact from the extension of the rate for another 9 months.

There is no behavioural response anticipated in this costing given the relatively small savings for individual LAs in the short term.

Exchequer impact (£m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	+0m	-5m	-10m	-10m	-10m	-10m

Areas of uncertainty

The main uncertainty in this costing relates to the use of PWLB borrowing for the HRA, as a result of the rate change as well as in response to the wider movements in borrowing costs.

Borrowing powers: Granting borrowing powers to newly established Mayoral Combined Authorities

Measure description

This measure extends borrowing powers to two new Mayoral Combined Authorities and the first Mayoral Combined County Authority (MC(C)As) (East Midlands Combined County Authority, the North East Combined Authority, and York and North Yorkshire Combined Authority), enabling them to use debt financing to invest in economically productive infrastructure and deliver on local priorities.

This measure is subject to the consent of the three MC(C)As, their constituent councils, and also subject to Parliamentary approval which is expected in early 2025.

The cost base

The pre-measure cost base is the existing level of baseline capital expenditure via prudential borrowing that would occur in the absence of expanded borrowing powers for these Authorities.

Costing

This costing is estimated using data submitted by the MC(C)As regarding their future borrowing plans.

The costing includes behavioural effects to account for optimism bias in capital plans, and the risk of delivery time lags.

Exchequer impact (£m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	-5m	-25m	-40m	-20m	-5m	+0m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the behavioural response.

Business Rates retention: Extend Greater London Authority enhanced business rates retention arrangements at 67% for 2025-26 and extend 100% local retention in Cornwall, Liverpool City Region and the West of England Combined Authority area

Measure description

In 2017-18, the government set up arrangements to allow local authorities in some areas to retain a greater share of their locally raised business rates than the standard amount. This measure will extend these arrangements until 1 April 2026.

This measure will be effective from 1 April 2025.

The tax base

The cost base is the business rates forecast and the expected foregone grant allocation to local authorities benefiting from additional business rates retention. It is assumed in the baseline that local authorities would revert to 50% business rates retention from the end of 2024-25.

Costing

As a result of the increased business rates retention arrangements, authorities will retain more business rates and therefore spend more, financed by locally generated revenues (AME). This is largely offset by a reduction in central government grant to those local authorities, and therefore a reduction in spending financed by grant income (DEL).

Authorities will gain from any income retained above their business rates baseline due to growth in their business rates base. They will also be eligible for more s31 grant to compensate for new and existing business rates policy decisions due to a higher level of business rates retention.

It is assumed that 25% of the additional income received by authorities with increased business rates retention arrangements is placed into local authorities' reserves at the end of the financial year 2025-26.

Exchequer impact (£m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	+0m	-1,185m	+25m	+0m	+0m	+0m

Areas of uncertainty

The main uncertainties in this costing relate to the forecast growth of the business rates base.

Tariff Changes since Spring Budget 2024

Measure description

This measure amends the UK's integrated tariff schedule.

The main changes relate to the suspension of import tariffs. Following feedback from business, a group of tariff suspensions that were due to expire on 31 December 2024 will be extended. A further package of tariff suspensions, introduced on 11 April 2024, are reflected in the public finances.

This measure also reflects the extension of the steel safeguard that was announced on 26 June 2024. The safeguard limits tax-free steel imports and imposes a 25% tariff once the limit is exceeded.

These tariff changes will be effective until June 2026.

The tax base

The tax base is the expected Customs Duty revenue from the relevant commodity codes impacted, had the measure not been implemented.

The tax base has been projected across the forecast using the OBR's forecasts for non-oil imports.

Costing

The static costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above.

For the tariff suspensions, a behavioural adjustment is made to account for the proportion of traders that utilise the suspended tariff rates and the incentive for traders to forestall by bringing forward imports, to avoid paying duty once the measure ends. A further behavioural adjustment is made for the extension of the steel safeguard to take account of traders who may have an incentive to delay their imports to benefit from zero-rated tariffs once the measure ends.

Exchequer impact (£m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	-55m	-105m	-35m	+0m	+0m	+0m

Areas of uncertainty

The main uncertainties in this costing relate to the size of behavioural response.

Special Education Needs and Disabilities: Reduction in Local Authority SEND deficits as a result of additional DEL funding

Measure description

This measure captures the reduction in local authority expenditure financed via appropriations from the dedicated schools grant adjustment account that arises as a result of an increase in high needs funding above the 2024-25 baseline provided to local authorities in 2025-26.

This will materialise in the 2025-26 financial year.

The cost base

The cost base of this measure is the difference between the local authorities' spending on dedicated schools grant (DSG) and their DSG DEL funding which is recorded as a change in reserves in a ringfenced account.

Costing

This costing assumes that providing DEL funding for high needs will reduce the change in LAs' reserves set out in the pre-measure base by the same amount. This is because the change in reserves represents the difference between the local authorities' spending on DSG and their DSG DEL funding. Therefore, increasing the amount of DEL funding will reduce the difference.

Exchequer impact (£m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	+0m	+865m	+0m	+0m	+0m	+0m

Areas of uncertainty

While LAs have discretion on how they will spend additional DEL funding, it is very likely that they will use the funding to reduce their in-year deficit.

Universal Credit: Extend the £2,500 surplus earnings threshold for one year from April 2025

Measure description

The measure maintains the surplus earnings threshold at £2,500 for Universal Credit claimants for a further year until April 2026.

This measure will be effective from 6 April 2025.

The cost base

The cost base is estimated using DWP's Policy Simulation Model, which uses benefit expenditure forecasts and economic determinants as forecast by the OBR.

Costing

The costing is produced by comparing the cost base described above to a pre-measure forecast baseline.

No behavioural effects have been taken into account as these are judged to be negligible.

Exchequer impact (£m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	+0m	-160m	+0m	+0m	+0m	+0m

Areas of uncertainty

The main uncertainties in the costing relate to the earning patterns of claimants and the number of claimants who may have more pay days than usual during an assessment period.

Van Benefit Charge: Uprate by CPI from 6 April 2025

Measure description

This measure will increase the Van Benefit Charge in line with September 2024 CPI growth.

This measure will be effective from 6th April 2025.

The tax base

The tax base is the projected value of van benefits from HMRC administrative data.

Costing

The static costing is estimated by considering the increase in the value of van benefit given the increase in the charge. No significant behavioural adjustments are made to the static costing.

Exchequer impact (£m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	+0m	+5m	+5m	+5m	+5m	+5m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base.

Climate Change Levy (CCL): Amendments to the Climate Change Agreement scheme from 1 January 2026, meaning new entrants will be able to claim relief on their CCL bill before completing a target period

Measure description

This measure amends the Climate Change Agreement (CCA) scheme to allow new entrants within existing eligible sectors to claim a reduction on their Climate Change Levy (CCL) immediately, rather than be required to complete a full target period.

This measure will be effective from 1 January 2026.

The tax base

The tax base is inclusive of energy (electricity, natural gas, solid fuels, and liquefied petroleum gas (LPG)) supplied to non-domestic users in the UK who hold a CCA.

Costing

The static costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above.

There is no behavioural adjustment in this costing.

Exchequer impact (£m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	+0m	*	-5m	+0m	+0m	+0m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base and the actual number of new entrants in the scheme as well as their level of energy usage.

The Starting Rate for Savings (SRS): Maintain the SRS at £5,000 for 2025-26 from 6 April 2025

Measure description

This measure maintains the Starting Rate of Savings (SRS) band at the 2024-25 level of £5,000 for 2025-26.

This measure will be effective from 6 April 2025.

The tax base

The tax base is taxable savings held by taxpayers within the starting rate band. The base is estimated using HMRC's Personal Tax Model based on the 2021-22 Survey of Personal Incomes, projected forward using the OBR's Autumn Budget 2024 economic determinants.

Costing

The costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above.

The costing also includes a small behavioural adjustment whereby taxpayers move additional savings into ISAs.

Exchequer impact (£m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	+0m	*	+5m	*	*	*

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base.

Private Intermittent Securities and Capital Exchange System (PISCES): Exempt transfers of shares made on a PISCES platform from Stamp Taxes on Shares

Measure description

This measure gives an exemption from both Stamp Duty and Stamp Duty Reserve Tax (SDRT) for transfers on a Private Intermittent Securities and Capital Exchange System (PISCES) platform and for onward transfers to end purchasers which result from trading on a PISCES platform.

This measure will be delivered to the same timetable as the wider PISCES sandbox legislation. The timing of this legislation will be announced in due course.

The tax base

The tax base is the projected value of share transactions on PISCES platforms. This is grown in line with the forecast number of companies participating on PISCES platforms and the OBR's equity prices forecast.

Costing

The static costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above.

There is no behavioural adjustment to the costing.

Exchequer impact (£m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	*	*	*	*	-5m	-5m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base.

Carbon Border Adjustment Mechanism (CBAM): Confirming sectoral scope of the UK CBAM from 1 January 2027 to be aluminium, cement, fertiliser, hydrogen, iron, and steel

Measure description

This measure removes ceramics and glass products from the scope of the previously announced Carbon Border Adjustment Mechanism (CBAM).

This measure will be effective from 1 January 2027.

The tax base

The tax base for this measure is the carbon (and carbon equivalent) content of the UK's imports in relevant products and sectors, i.e. the glass and ceramics sector. This is estimated using HMRC data on weight of imports (kg) and emission intensities from EU published data.

Costing

The static costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above.

The costing assumes no behavioural impacts.

Exchequer impact (£m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	+0m	+0m	*	-5m	-5m	-5m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base.

Carbon Price Support (CPS): Maintain the freeze of CPS rates at the equivalent of £18 per tonne of CO2 from 1 April 2026

Measure description

This measure will maintain Carbon Price Support (CPS) rates of the Climate Change Levy at the equivalent of £18 per tonne of carbon dioxide (t/CO_2) in 2026-27. The rate is to increase with the RPI each following year.

This measure will be effective from 1 April 2026.

The tax base

The tax base is made up of fossil fuels used for electricity generation by Major Power Producers (MPP) and Bad Quality Combined Heat and Power (BQ CHP) installations.

This tax base is projected forward by the Department for Energy Security and Net Zero (DESNZ) Dynamic Dispatch Model (DDM) and using the OBR's Autumn Budget 2024 economic determinants.

Costing

The static costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above.

The costing accounts for a behavioural response that is estimated to be negligible.

Exchequer impact (£m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	+0m	+0m	-10m	-10m	-5m	-5m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base.

Lifelong Learning Entitlement: Implementation to amended timetable

Measure description

This measure will delay the implementation of the reforms to Higher Education student finance under the Lifelong Learning Entitlement (LLE) announced at Autumn Statement 2023.

The LLE will now launch for student applications starting in September 2026 for courses starting in January 2027.

The cost base

The pre-measure base is the estimated cost of the current Higher Education Student Finance and Advanced Learner Loan systems under the previous LLE delivery plan.

Costing

The static costing is estimated by applying the delay to the LLE launch to the cost base described above using DfE's Higher Education student loan outlay and repayment model and bespoke level 4 and 5 modelling.

Exchequer impact (£m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Exchequer impact	+0m	*	*	+10m	+10m	+10m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the behavioural response.

Annex A

Indexation in the public finance forecast baseline

The following table shows the indexation assumptions that have been included in the public finances forecast baseline, including all pre-announcements, for Autumn Budget 2024 policy costings. This does not include the changes made at Autumn Budget 2024. These will be captured in future publications of this Annex.

Forecast area	Element	Default indexation assumed in the baseline	Previously announced policy changes from 2024-25 onwards
	Personal Allowance	Increase by CPI, rounded up to the nearest £10	Maintained at its 2021-22 level up to and including 2027-28.
	Basic Rate Threshold	Increase by CPI, rounded to the nearest £100	Maintained at its 2021-22 level up to and including 2027-28.
	Higher Rate Threshold	Increase by CPI, rounded to the nearest £100	Maintained at its 2021-22 level up to and including 2027-28.
	Additional Rate Threshold	Aligned with the Higher Rate Threshold	Maintained at its 2021-22 level up to and including 2027-28.
	Starting rate for savings income	Increase by CPI, rounded up to the nearest £10	Maintained at £5,000 for 2024-25
	Individual Savings Accounts – annual subscription limit	Increase by CPI, rounded to the nearest £120	Autumn Statement 23 confirmed that the Individual Savings Account limits will remain at their 2023-24 levels for 2024-25.
	Marriage Allowance	Fixed at 10% of the Personal Allowance	Maintained at its 2021-22 level up to and including 2027-28.

	Married Couple's Allowance	Increase by CPI, rounded to nearest £10	Uprated by CPI at AS23 for 2024-25
	Blind Person's Allowance	Increase by CPI, rounded to nearest £10	Uprated by CPI at AS23 by 2024-25
	Qualifying Care Relief	Fixed amount: Increase by CPI for the fixed amount, roundest to nearest £10 Weekly amount: round up to the nearest £5	
National Insurance contributions	Lower Earnings Limit	Increase by CPI rounded down to the nearest £1	Maintained at its 2022-23 level for 2024-25.
	Small Profits Threshold	Increase by CPI rounded up to the nearest £10	Maintained at its 2022-23 level for 2024-25.
	Primary Threshold	Increase by CPI rounded to the nearest £1	Aligned with the Personal Allowance and maintained at its 2021-22 level up to and including 2027-28.
	Lower Profits Limit	Set at the same level as the annual equivalent of the NICs Primary Threshold	Aligned with the Personal Allowance and maintained at its 2021-22 level up to and including 2027-28.
	Secondary Threshold	Increase by CPI rounded to the nearest £1	Maintained at its 2022-23 level up to and including 2027-28.
	Upper Earnings Limit / Upper Profits Limit/ Upper Secondary Threshold / Apprentice Upper Secondary Threshold /	Aligned with Income Tax Higher Rate Threshold	Aligned with the Higher Rate Threshold and maintained at its 2021-22 level up to and including 2027-28.

	Veterans' Upper Secondary Threshold		
	Class 2 and Class 3 Contribution rates	Class 2 and Class 3 weekly rates increase by CPI rounded to the nearest 5p	Maintained at 2023-24 rates for 2024-25.
	Special Class 2 rate for share fisherman	Equal to the Class 2 weekly rate + 65p	Maintained at 2023-24 rates for 2024-25.
	Special Class 2 rate for volunteer development workers	5% of the Lower Earnings Limit	Maintained at 2023-24 rates for 2024-25.
Inheritance tax	Nil-rate band	Increase by CPI, rounded up to the nearest £1,000	The nil-rate band will remain at its 2020-21 level up to and including 2027-28.
	Residence nil-rate band	Increase by CPI, rounded up to the nearest £1,000	The residence nil-rate band will remain at its 2020-21 level up to and including 2027-28.
	Residence nil-rate band – threshold for tapered withdrawal	Increase by CPI, rounded up to the nearest £1,000	The threshold for tapered withdrawal of the residence nil-rate band will remain at its 2020-21 level up to and including 2027-28.
Working-age social security benefits and payments: Jobseeker's Allowance; Income Support; Employment and Support Allowance	All main rates	Increase by CPI, rounded to nearest 5p	

Universal Credit	Standard Allowance	Increase by CPI, rounded to the nearest 1p
	First child element	Child element of Child Tax Credit (CTC) plus family element, rounded to the nearest 1p
	Subsequent child element	Child element of CTC, rounded to the nearest 1p
	Disabled child lower rate	Increase by CPI, rounded to the nearest 1p
	Disabled child higher rate	Disabled child element of CTC plus enhanced disabled child element of CTC, rounded to the nearest 1p
	Limited capability for work, limited capability for work and work-related activity, carer amount	Increase by CPI, rounded to the nearest 1p
	Childcare	Based on childcare element of Working Tax Credit, rounded to the nearest 1p
	Non-dependents housing cost contribution	Increase by CPI, rounded to the nearest 1p
	Work Allowances	Increase by CPI, rounded to the nearest £1
Disability Benefits: Disability Living Allowance; Attendance Allowance; Carer's Allowance;	All main rates	Increase by CPI, rounded to the nearest 5p

Incapacity Benefit; and ESA work related activity and support component rates; Personal Independence Payments		
Statutory payments: Statutory Maternity Pay; Adoption Pay; Paternity Pay; Parental Bereavement Pay; Shared Parental Pay; Sick Pay; Maternity Allowance	All main rates	Increase by CPI, rounded to the nearest 5p for Statutory Sick Pay; nearest figure divisible by 7 for all other statutory payments
Basic State Pension	All categories	Highest of May-July Average Weekly Earnings, CPI or 2.5% rounded to the nearest 5p
Additional State Pension	All categories	Increase by CPI, rounded to the nearest 1p
New State Pension	All categories	Highest of May-July Average Weekly Earnings, CPI or 2.5%, rounded to the nearest 5p
Pension Credit	Standard Minimum Guarantee	Earnings growth, rounded to the nearest 5p

	Savings Credit	Increase by CPI, rounded to the nearest 1p	
Child Tax Credit	Child element	Increases by CPI, rounded up to the nearest £5	
	Disability element: disabled child rate and severely disabled child rate	Increase by CPI, rounded up to the nearest £5	
Working Tax Credit	Basic element, 30-hour element, couple and lone parent element	Increase by CPI, rounded up to the nearest £5	
	Disabled worker element and severe disability element	Increase by CPI, rounded up to the nearest £5	
Child Benefit	Eldest (or only) child and subsequent children amounts	Increase by CPI, rounded to the nearest 5p	
Guardian's Allowance	All children amount	Increase by CPI, rounded to the nearest 5p	
Stamp Duty Land Tax	Stamp duty land tax thresholds for residential property freehold and leasehold premium transactions	Fixed at £125,000, £250,000, £925,000 and £1,500,000	The nil-rate threshold of SDLT has temporarily increased from £125,000 to £250,000 from 23 September 2022 to 31 March 2025. The nil-rate threshold of SDLT for first time buyers has temporarily increased from £300,000 to £425,000 and the threshold for accessing relief has

			increased from £500,000 to £625,000 from 23 September 2022 to 31 March 2025.
	Stamp duty land tax thresholds on rent under new residential leases Net Present Value	Fixed at £125,000	The nil-rate threshold of SDLT has temporarily increased from £125,000 to £250,000 from 23 September 2022 to 31 March 2025.
Annual tax on enveloped dwellings	Annual chargeable amount	Increase by CPI, rounded down to the nearest £50	
Climate change levy	Main Rates	Increase by RPI, rounded to the nearest 1,000th of a penny	CCL main rate in the UK for gas is set at £0.00672/kWh in 2023-2024, and £0.00775/kWh in 2024-2025 and 2025-2026. The main rate on electricity is set at £0.00775/kWh up to and including 2025-2026. The freeze of LPG at £0.02175 per kg is continued up to and including 2025-2026. Any other taxable commodity rate is set at £0.05258 per kg for 2023-24 and £0.06064 per kg for 2024-25 and 2025-2026.
	Reduced rates	Increase by RPI, rounded to the nearest 1,000th of a penny	The reduced rates for each of the commodities are set at the following: Electricity: 8% of the main rate up to (and including) 2025-26

			LPG: 23% of the main rate up to (and including) 2025-26 Natural gas and any other taxable commodity: 12% in 2023-24 and 11% in 2024-25 and 2025-2026.
	Carbon Price Support commodity rates	Increase by RPI, rounded to the nearest 1,000th of a penny	The Carbon Price Support has been frozen at the equivalent of £18 per tonne of CO2 up to (and including) 2025-26.
Aggregates levy	Levy amount	Increase by RPI, rounded to the nearest penny	
Landfill tax	Tax rates	Increase by RPI, rounded to the nearest 5p	Spring Budget 2024 announced that the lower and standard rates will rise in line with forecast RPI, but will also be further adjusted to account for recent high inflation, with effect from 1 April 2025
Plastic packaging tax	Tax rate	Increase by CPI, rounded to the nearest penny	
Vehicle excise duty	Duty rates	Increase by RPI, rounded to the nearest £1 or £5	Autumn Budget 2023 announced that VED rates for cars, vans, motorcycles and motorcycle trade licenses would rise in line with the Retail Price Index (RPI) with effect from 1 April 2024.

Heavy goods vehicle levy	Duty rates	Increase by RPI, rounded to the nearest penny	The heavy goods vehicle levy was suspended until August 2023. Autumn Statement 2023 confirmed that the Heavy goods vehicle levy would be frozen for 12 months from 1 April 2024.
Air passenger duty	Duty rates	Increase by forecast RPI, rounded to the nearest £1	Spring Budget 2024 announced that the standard and higher rates will increase by forecast RPI, but will also be further adjusted to account for recent high inflation, with effect from 1 April 2025. Per the default indexation assumption, the reduced rates for economy passengers will increase in line with forecast RPI, rounded to the nearest pound.
Electricity Generator Levy	Benchmark amount	Increase by CPI, rounded to the nearest penny	
Tobacco duties	Duty rate on all tobacco products	Increase by RPI rounded to the nearest penny	Autumn Statement 2023 announced a duty increase of RPI+2% on all products except hand rolling tobacco, of RPI+12% on hand rolling tobacco.
Alcohol duties	Duty rate on all alcoholic products	Increase by RPI, rounded to the nearest penny	A new alcohol duty system that taxes all alcoholic products by strength was introduced on 1

			August 2023. The new system includes new reliefs for small producers and draught products with a strength below 8.5% alcohol by volume. Transitional arrangements were introduced for wine products until 1 February 2025. Alcohol duties are increased in line with RPI from 1 August 2023. Spring Budget 2024 announced a duty freeze until 1 February 2025.
Fuel duties	Duty rates for petrol and diesel	Increase by RPI, rounded to the nearest 100th of a penny	Spring Budget 2024 announced that the temporary 5p cut would be extended for a further 12 months (i.e. ending on 23 March 2025), and that the planned RPI uprating for 2024-25 would not go ahead. The temporary 5p cut was originally announced at Spring Statement 2022 and extended at Spring Budget 2023.
Gaming duty	Gross gaming yield bands	Increase by RPI, rounded to the nearest £500	Autumn Statement 2023 announced that bands will be frozen for 2024-25.
Business rates	Business rates multipliers	Increase by CPI, rounded to the	Autumn Statement 2023 announced that the Small

	nearest 10th of a penny	Business Multiplier will be frozen at 49.9p for 2024-25, whilst the Standard Multiplier will be uprated in line with CPI to 54.6p.

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